

**PX 345**

## Message

**From:** Ron Will [REDACTED]@ripple.com]  
on behalf of Ron Will [REDACTED]@ripple.com> [REDACTED]@ripple.com]  
**Sent:** 1/19/2018 10:27:31 AM  
**To:** Chris Larsen [Chris Larsen [REDACTED]@ripple.com>]; Brad Garlinghouse [Brad Garlinghouse [REDACTED]@ripple.com>]; Anja Manuel [Anja Manuel <[REDACTED]>]; Susan Athey [Susan Athey <[REDACTED]>]; Zoe Cruz [Zoe Cruz <[REDACTED]>]; Benjamin Lawsky [Benjamin Lawsky <[REDACTED]>]; Gene Sperling [Gene Sperling <[REDACTED]>]; Ken Kurson [Ken Kurson <[REDACTED]>]; ?? ?? [REDACTED]=?UTF-8?B?5rKW55SwIOiyOWPsu+8iFNCSSBSLg==?=<[REDACTED]>]  
**CC:** [REDACTED]@ripple.com>; [REDACTED]@ripple.com>  
**Subject:** Fwd: Ripple's December Investor and Advisor Update  
**Attachments:** Q4 2017 XRP Markets Report.pdf

Ripple Board of Directors,

Please see our most recent shareholder note forwarded below. In addition, I have included financial and operational metrics from the 4th quarter and a draft copy of our Q4 2017 XRP Markets report that we will publish externally next week.

Since we last convened in early December, our positive momentum has continued to propel us toward an exciting 2018. The final quarter of 2017 wrapped in historic fashion with our software sales team closing a record seven xCurrent contracts for \$[REDACTED]

Perhaps even more encouraging than the overall deal count is the strong representation from new customers in key target markets like [REDACTED] and [REDACTED] in Brazil and [REDACTED] in the Philippines. Our new engagement with the [REDACTED] and [REDACTED] also emphasizes the exciting potential central banking authorities provide in introducing Ripple's products to their country's financial institutions - and validates our strong position with regulators.

Consumer interest in xVia and xRapid also accelerated with five new customers signed in the quarter, including [REDACTED] and [REDACTED] the top money transmitter in the Americas. We expect this strong trend to continue into Q1 with a healthy pipeline already lined up and several payment providers interested in leveraging digital assets to increase speed and reduce cost in their payment flows.

Building on the surge in XRP price and volume, we also continued to strengthen our financial position in Q4. When we last met in December, we expected XRP sales of \$[REDACTED] in the quarter, but we ended the period completing \$[REDACTED]. That outperformance adds to our cash position, bringing the year-end cash balance to nearly \$[REDACTED].

Our next board meeting isn't until after the end of Q1 thus Brad has asked that I organize a 90 minute board check-in call for mid to late February. Going forward, we will plan to do an informal board call between our regularly scheduled meetings. These will have a light agenda but will create the opportunity to discuss what continues to be a very dynamic market!

Please be on the look-out for an email from Brad's EA, [REDACTED] to check availability for this call.

If there is any additional information that you'd find helpful, please let me know.

Best,  
Ron

**Financial Summary Table - Prior Board Outlook vs. Actuals**

OKR	Q4 Actual	Prior Board Outlook	Variance
S&S Bookings			
XRP Bookings			
Deployments			
Total Spend			
Ending Headcount			
Cash Flow			
Ending Cash Balance			

\* Does not include \$ [REDACTED] pricing agreement under which production deals are expected to be closed in 2018

**Transaction Volume**

- More than 3,000 transactions moved across RippleNet in 2018 with volume totalling \$ [REDACTED]
- The volume acceleration was particularly strong in Q4 with 1,800 transactions moving \$ [REDACTED] of volume and creating strong momentum for 2018

**Software & Service**

- Strong quarterly trend away from pilots to multi-year production deals continued in Q4, with production contracts making up majority of closed deals
- 7 deals were closed in the quarter - 5 production and 2 pilot - with total contract value of \$ [REDACTED]
  - Latin Americas
    - [REDACTED] - Production
    - [REDACTED] - Production
  - APAC
    - [REDACTED] - Production
    - [REDACTED] - Production
    - [REDACTED] - Production
    - [REDACTED] - Pilot
    - [REDACTED] - Pilot
- Q4 also featured a signed global pricing agreement with [REDACTED] which could be worth \$ [REDACTED] in 2018
- *Deployments* -- 3 production customers went live in Q4 - [REDACTED] - and conducted more than 300 transactions on the network during the quarter

**XRP Sales**

- \$92M in Q4 XRP sales was our largest quarter (vs. Q3 at \$52M) and more than Q1 - Q3 2017 sales combined (\$86M)
- Approximately \$20M was OTC and \$72M was sold programmatically
- Programmatic sales were 7.5 basis points as a % of overall exchange volume (down from 20 basis points in Q3)
- Trend toward programmatic sales has steadily increased from 32% in Q2 and 62% in Q3 to 78% in Q4
- *XRP Daily Volume* -- XRP daily volume averaged \$808M in Q4 2017. In Q3, XRP daily volume averaged \$179M. Since December 11, XRP's volume averaged \$2.7B per day. Korea continues to be an important market for XRP trading with nearly 45% of global trading, but greater geographic diversification in Q4 vs. prior quarters. The 2 largest XRP currency pairs continue to be XRP/KRW and XRP/BTC



- *XRP Daily Volatility* -- XRP in the quarter doubled from 6.8% to 13.8% (an implied annual volatility of 130% to 264% respectively). This compares to Bitcoin and Ethereum daily volatility of 5.7% and 7.5% in Q3 and 6% and 5.5% in Q4
- *XRP Price Range* -- XRP traded in a range of \$0.18 and \$2.85 in Q4 vs a range of \$0.12 and \$0.30 in Q4

----- Forwarded message -----

From: **Brad Garlinghouse** <[REDACTED]@ripple.com>  
Date: Mon, Jan 15, 2018 at 8:18 PM  
Subject: Ripple's December Investor and Advisor Update  
To: Brad Garlinghouse <[REDACTED]@ripple.com>

Dear Ripple Shareholders and Advisors,

First off, a very Happy (but slightly belated) New Year to you all! This monthly update is coming to you a bit later than previous months, which encapsulates how busy December was for Team Ripple - and it certainly hasn't slowed down as we start the New Year.

Without question 2017 was a transformative year for the blockchain industry and digital asset markets - and this is certainly true for Ripple also. Suffice it to say, December added an exclamation mark as an endcap!

My monthly missives to this distribution list have chronicled much of our journey and it was refreshing to see our incessant focus on solving a very real, very large problem, with real products and real customers rise above much of the noise in December. There is little doubt that the hype and mania surrounding all things crypto is at a fevered pitch and it's critical that Team Ripple stays focused on the core: building, marketing and selling solutions that will enable financial institutions globally to dramatically change the way value moves - to enable an Internet of Value. I continue to be in awe of the progress we have made - particularly as we reflect over the whole of 2017.

We start 2018 as a clear market leader, but we'll only stay there if we execute on driving customer adoption and continue to expand the most efficient network for cross border transactions (with xCurrent) - and continue to demonstrate that xRapid can solve the liquidity needs of financial institutions.

Some highlights from December:

- We had our best software sales month (and quarter) in our history - with both banks and payment providers accelerating their engagement with Ripple. We continued expansion of existing accounts (like [REDACTED] - as well as a record performance with new accounts. (as is always the case, we only announce new customers in partnership with the customer)
- We made great progress in demonstrating that the idea of using XRP to solve a liquidity problem is more than just an idea. We productized this with xRapid in Q3 and announced our first customer in early Q4. Some of you may have seen last week we were able to announce MoneyGram is also piloting xRapid. This has been tremendous validation for something that was imply an idea not that many months ago.
- We continued to highlight the differentiation of XRP - with it's dramatically faster and cheaper transactions.

For Ripple to achieve our goals with XRP, there needs to be deep liquidity between XRP and many fiat currencies globally. In December, we were able to announce that XRP is now listed on more than 50 exchanges globally which is a major milestone towards that goal. We will obviously continue to champion XRP listings at more exchanges globally.

I'm also aware that many of you have been watching the price of XRP and the value that has accrued to all Ripple shareholders by virtue of the more than 60 billion units of XRP that we hold. Ripple will continue to invest in the XRP ecosystem - and you should expect to see us champion other use cases for the XRP Ledger

beyond Ripple's focus on cross-border payments. To be overly clear, Ripple will continue to focus on solving a payments and liquidity problem - but increasingly we'll champion others who are using XRP in other ways. This will serve to diversify XRP usage and demand.

I also wanted to note - as many of you have mentioned to me - that a somewhat active secondary market in Ripple shares has developed. Many of these transactions are happening at prices that I don't believe reflects an appropriate value of our equity. Given our balance sheet and access to capital, I believe it is in all shareholders best interest to buy back shares in certain circumstances. These transactions will require shareholder approval so please stay tuned for more on that in the months ahead.

### Outlook on 2018

While there is certainly a lot of froth in the digital asset marketplace, Ripple will continue to focus on utility - solving real problems for real customers. I believe it's inevitable that those digital assets without clear utility, without real customers will be subject to significant price adjustments. Over a longer arc of time, hype and reality will come into equilibrium. Ripple will focus on driving real demand and velocity of XRP by leveraging products like xRapid.

I am confident - given our strategy - and the robust technology that makes XRP a thousand times faster and a thousand times cheaper than BTC transactions - that we can leverage the spotlight and continue to drive customer engagement.

Best,  
Brad

*P.S. As an end of year clean-up matter, Ripple is sending a notice of actions approved by a majority of shareholders to your mailing address. Please note, there is no action required from you; this simply provides broader notice to all shareholders, as required by Delaware Corporations Law.*

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